

**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

U.S. LEGAL SERVICES OF TENNESSEE, INC.

)
)
)

No.: 04-028

**ORDER ADOPTING EXAMINATION REPORT AS FILED
WITH DIRECTIVES**

Pursuant to Tenn. Code Ann. §§ 56-43-113 and 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined the affairs of U.S. Legal Services of Tennessee, Inc. (hereinafter also referred to as the "Company"), a legal insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 30th day of September, 2003, the examiner-in-charge filed with the Division, on the 20th day of January, 2004, a verified, written report of examination, and a copy of that report has been sent to U.S. Legal Services of Tennessee, Inc. (The Report on Examination of U.S. Legal Services of Tennessee, Inc., is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the company on February 20, 2004. (A true and exact copy of the company's written rebuttal is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of U.S. Legal Services of Tennessee, Inc., filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 20th day of January, 2004, is hereby **ADOPTED** as filed, with the following **DIRECTIVES** to the Company.

RECEIVED

MAR 25 2004

Dept. Of Commerce & Insurance
Company Examinations

U.S. Legal Services of Tennessee, Inc. is hereby **DIRECTED** to accomplish the following:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-43-107(a) by submitting to the Commissioner for approval a management services agreement to define the duties of U.S. Legal Services, Inc. The Company is further **DIRECTED** to file all similar agreements with the Commissioner that have not been previously filed or received approval. The Company is further **DIRECTED** to file all such agreements for prior approval in the future.
2. The Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs. R. 0780-1-60-.05(1)(e) (2003) by maintaining proper reserves for unpaid attorneys' fees.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-43-108 and Tenn. Comp. R. & Regs. R. 0780-1-60-.05(1)(e) (2003) by establishing and fully disclosing all liabilities on financial statements submitted to the Commissioner.

The company shall comply with the directions contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against U.S. Legal Services of Tennessee, Inc. for potential violations of the Tennessee Legal Insurance Act, Tenn. Code Ann. §§ 56-43-101, *et seq.*, which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report with Directives merely to adopt the examination report filed by the examiner-in-charge with the directives herein contained.

It is so **ORDERED**.

ENTERED this the 24th day of March, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

Eric J. Stansell

Eric J. Stansell (BPR# 021707)
Staff Attorney
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Davy Crockett Tower, Fifth Floor
Nashville, Tennessee 37243
(615) 741-2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to U.S. Legal Services of Tennessee, Inc., 220 West Wind Drive, Newbern, Tennessee 38059, on this the 25th day of March, 2004.

Eric J. Stansell

Eric J. Stansell
Certifying Attorney